## Message Text

PAGE 01 NATO 05876 231846Z

73

**ACTION EUR-12** 

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USNAAA/USCINCEUR

AMEMBASSY PARIS

NSE/NSSG BRUSSELS

AMEMBASSY BONN

USNMR SHAPE

CONFIDENTIAL USNATO 5876

E.O. 11652: GDS

TAGS: NATO, XG, ETRN

SUBJECT: CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC) MEETING,

17-18 OCT 74

REF: USNATO 5797

BEGIN SUMMARY. IN ADDITION TO COST SHARING PROBLEM REPORTED REFTEL, CEPPC APPROVED, SUBJECT TO US CONFIRMATION, THIRD CALL FOR 1974 CONTRIBUTIONS AND FIRST CALL FOR 1975 CONTRIBUTIONS, APPROVED FOURTH SUPPLEMENTARY BUDGET FOR 1974, NOTED GENERAL MANAGER'S ANNUAL REPORT FOR 1973, AND APPROVED

USE OF FLOATING RATES FOR CALCULATION OF CONTRIBUTIONS, SUBJECT TO

FRENCH AND UK RESERVATIONS. END SUMMARY.

PRINCIPAL ACTIONS REPORTED AS FOLLOWS:

1. ITEM IV. FOURTH SUPPLEMENTARY BUDGET 1974. CEPPC APPROVED MOST OF CONFIDENTIAL

PAGE 02 NATO 05876 231846Z

THE REQUESTS CONTAINED IN FOURTH SUPPLEMENTARY BUDGET (AC/120-D/881), AMOUNTING TO A TOTAL OF 2.8 MILLION FFR IN SUPPLEMENTARY CREDITS AND 4.5 MILLION FFR IN UNBLOCKING. PRINCIPAL CAUSE OF ADDITIONAL COST

WAS RISE IN WAGES DURING 1974. COMMITTEE NOTED
THAT FRENCH EFFORTS HAD RESULTED IN REDUCTION OF GUARDING
BY 10 PERCENT IN FRANCE IN RESPONSE TO COMMITTEE INVIATION IN EARLY
1974. SOME OF THIS SAVING WAS, HOWEVER, OFFSET BY NEW STATUTORY
INCREASE OF 35 PERCENT IN GUARD SALARIES STARTING NOV 74. FRENCH REP
STATED THAT HIS AUTHORITIES NOW AGREED WITH CEPPC THAT COSTEFFECTIVENSS OF GUARDING WAS BECOMING QUESTIONABLE. THEY WOULD TAKE
HARD LOOK AT POSSIBILITY OF REDUCTION IN NUMBER OF MANHOURS TO BE
DEVOTED TO GUARDING IN THE NEAR FUTURE.

- 2. ITEMS V AND VI. THIRD CALL FOR CONTRIBUTIONS 1974 AND FIRST CALL FOR CONTRIBUTIONS 1975. REPORTED REFTEL TO THE EFFECT THAT US CONTRIBUTION OF 24 PERCENT WILL RELIEVE CEPS FINANCIAL PROBLEMS UNTIL EARLY 1975.
- 3. ITEM VII. MILITARY TARIFFS FOR MOVEMENTS FROM THE NEW POINT OF ENTRY AT OLDENBURG AND TO THE NEW DEPOT AT MELLRICH. APPROVED AC/120-D/863.
- 4. ITEM VIII. NATIONAL BRITISH FUEL STORAGE DEPOT AT MUNSTER. REFERRED CONTRACT TERMS (AC/120-D/879) TO CEPO FOR MILITARY ASSESSMENT AND TO CEOA FOR REWRITE OF ADMINISTRATIVE CONDITIONS.
- 5. ITEM IX. GENERAL MANAGER'S ANNUAL REPORT FOR 1973. NOTED AC/120-D/872 AND AGREED THAT GENERAL MANAGER'S REPORT TO THE COUNCIL, CONTAINING THE SAME INFORMATION, WOULD BE SUBJECT TO SILENCE PROCEDURE APPROVAL BY CEPPC.
- 6. ITEM X. FLOATING RATES FOR CALLS FOR CONTRIBUTION. ALL MEMBERS AGREED TO THE NEED FOR AN EQUITABLE SYSTEM IN ASSESSING NATIONAL CONTRIBUTIONS AND ALL BUT FRANCE AND UK COULD ACCEPT USE OF FLOATING RATES. FRANCE AND UK, WHOSE CONTRIBUTIONS WOULD BE INCREASED IF FLOATING RATES WERE USED, RESERVED PENDING RECEIPT OF INSTRUCTIONS FROM NATIONAL TREASURY AUTHORITIES. COMMITTEE URGED THEM TO ACCEPT NEW RATES ON BASIS THAT THEY HAD BEEN PAYING CONTRIBUTIONS IN DEVALUED CURRENCIES AT UNREALISTIC I.M.F. EXCHANGE RATES, THUS IN EFFECT REDUCING THEIR SHARES OF DEFICIT CONFIDENTIAL

PAGE 03 NATO 05876 231846Z

PAYMENTS. BOTH FRENCH AND UK REPS AGREED TO PRESENT COMMITTEE'S ARGUMENTS TO THEIR AUTHORITIES.

7. XI. ANY OTHER BUSINESS.

A. SUBJECT TO FRENCH RESERVATION, CEPPC AGREED TO GIVE GENERAL MANAGER AUTHORITY TO APPROVE COMMERCIAL MOVEMENTS WITHIN PORT AREAS AT ANTWERP AND PERNIS. THESE ARE SMALL MOVEMENTS BETWEEN COMMERCIAL TANK FARMS WHICH CAN BE HANDLED WITHOUT COST BY THE CEPS AND CAN PROVIDE SOME REVENUE. FRENCH REP RESERVED, PENDING RECEIPT OF INSTRUCTIONS.

B. CHAIRMAN CALLED COMMITTEE'S ATTENTION TO REPORT BY

BUDGET WORKING GROUP (AC/120-D/889 OF 11 OCT 74) AS BASIS FOR JOINT CEPO/CEPPC MEETNG ON 1975 BUDGETS IN DECEMBER. MCAULIFFE

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<< END OF DOCUMENT >>

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TAGS: NATO, XG, ETRN To: STATE SECDEF INFO JCS **USNAAA USCINCEUR PARIS NSE NSSG BRUSSELS** 

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